

# Eland Oil & Gas PLC

21:00 20 Sep 2018

## Eland Oil & Gas posts first ever profit as production trebles at Opuama field

Eland Oil & Gas PLC (LON:ELA) has recorded its first ever profit after two new wells at its Opuama field in Nigeria meant production increased threefold in the first half.

Earlier this year, Eland drilled two successful infill wells, Opuama-8 and Opuama-9, which helped to accelerate recovery.

**READ:** Eland reveals new Opuama and Ubima well test rates

Across the first six months of 2018, production from the OML 40 licence averaged 17,146 barrels of oil per day (bopd) compared with just over 5,000 bopd for the same period last year, reaching almost 30,000 bopd more recently.

In total, the value of the oil produced came to US\$87.9m (H1 17: US\$20.2m), helped by a strong recovery in oil prices (US\$69 per barrel vs US\$37 last year).

The sharp rise in production meant Eland has reported a record set of results. Revenue hit US\$67.4m (H1 17: US\$0.8m), while the company posted a maiden profit of US\$44.7m (H1 17: Loss of US\$22.4m). Cash stood at US\$29.8m (H1 17: US\$23.3m).

'Most important period ever'

"The first half of 2018 has been the most important operational and financial period in Eland's history," said chief executive George Maxwell.

"With two successful infill wells completed on the Opuama field, average gross production increased threefold to over 17,000 barrels of oil per day and has since hit highest levels to date of nearly 30,000 bopd since period end, and will continue to increase further in the near-term."

He added: "The outlook for the remainder of this year is extremely exciting as we drive towards further record production and financial performance in 2018."

Eland expects the outperformance to continue into the second half, with two more wells due to come on stream, which should take average production past the 30,000 bopd mark.

Once work on those two wells is finished, Eland will move on to the Gbetiokun field, where it will re-enter Gbetiokun-1, followed by drilling of Gbetiokun-3 as part of the initial phase of the field development plan.

An updated competent person's report (CPR) for OML 40 in April increased gross proved reserves by 20% to 39.5mln barrels of oil (mmbbls) and increased proven plus probable reserves to 83.4mmbbls.

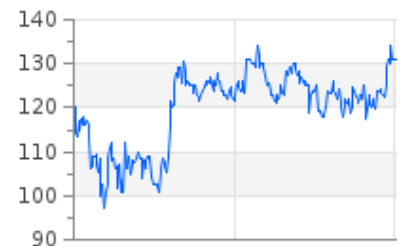
Not just Opuama

Over at Ubima, well testing operations are in progress with the F7000 reservoir tested at flow rates of up to 2,500 bopd.

**Price:** £1.31

**Market Cap:** £282.55 m

### 1 Year Share Price Graph



September 2018 March 2019 September 2019

### Share Information

**Code:** ELA

**Listing:** AIM

**52 week** **High** **Low**  
140 94.2721

**Sector:** Energy

**Website:** [www.elandoilandgas.com](http://www.elandoilandgas.com)

### Company Synopsis:

*Eland Oil & Gas is an independent oil and gas company focused on production, development and exploration in West Africa, particularly the highly prolific Niger Delta region of Nigeria.*

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The D1000 reservoir is currently being tested, while the potential of two other reservoirs is also being assessed.

"We continue with the Ubima appraisal while also targeting first oil on Gbetiokun this year, further significantly increasing the Company's production base," said Maxwell.

'Management more than proving themselves'

"Maiden profits and strong production/cash flow growth evidence the strong track record that management has established over the last 12-18 months," said Peel Hunt analyst James Carmichael.

"We expect this to continue as development work on OML40 and Ubima accelerates."

The analyst has Eland as a 'buy' with a price target of 155p.

After rising on Thursday morning, the stock fell back to 118.5p in early afternoon trading, valuing the company at around £265mln.

--Updates for share price and analyst comment--

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